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99TH CONGRESS
2d Session

HOUSE OF REPRESENTATIVES

REPORT
99-664

H 159

CONCURRENT RESOLUTION ON THE BUDGET—FISCAL YEAR 1987

JUNE 26, 1986.—Ordered to be printed

Mr. GRAY of Pennsylvania, from the Committee of conference, submitted the following

CONFERENCE REPORT

[To accompany S. Con. Res. 120]

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the concurrent resolution (S. Con. Res. 120) setting forth the congressional budget for the United States Government for the fiscal years 1987, 1988, and 1989, having met, after full and free conference, have been unable to agree on a conference report because the conference decisions have changed certain budget figures outside the scope of the conference. As set forth in the accompanying Joint Explanatory Statement, the conferees do propose a congressional budget incorporated in a further amendment for the consideration of the two Houses.

WILLIAM H. GRAY III,
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BUTLER DERRICK,
PAT WILLIAMS,
HOWARD WOLPE,
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CONNIE MACK,
BILL GOODLING,
Managers on the Part of the House.

PETE DOMENICI,
NANCY KASSEBAUM,
RUDY BOSCHWITZ,
DAN QUAYLE,
SLADE GORTON,
LAWTON CHILES,
J. BENNETT JOHNSTON,
JIM SASSER,
Managers on the Part of the Senate.

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendment of the House to the concurrent resolution (S. Con. Res. 120) setting forth the congressional budget for the United States Government for the fiscal years 1987, 1988, and 1989, report that the conferees have been unable to agree. This is a technical disagreement, necessitated by the fact that in some instances the conference decisions include figures which (for purely technical reasons) would fall outside the range between the corresponding House and Senate provisions.

It is the intention of the conferees that the following amendment will be considered in the House and in the Senate.

The managers on the part of the House and the Senate submit the folllowing joint statement in explanation of the action agreed upon by the managers:

The substitute language which is to be offered (and which should be considered the language of the concurrent resolution as recommended in the conference report for purposes of section 302(a) of the Congressional Budget Act of 1974)—hereinafter in this statement referred to as the "conference substitute"—is as follows:

That the Congress hereby determines and declares that the concurrent resolution on the budget for fiscal year 1987 is established and the appropriate budgetary levels for fiscal years 1988 and 1989 are set forth.

(a) The following levels and amounts are set forth for purposes of determining, in accordance with section 301(i) of the Congressional Budget and Impoundment Control Act of 1974, as amended by the Balanced Budget and Emergency Deficit Control Act of 1985, whether the maximum deficit amount for a fiscal year has been exceeded, and as set forth in this concurrent resolution shall be considered to be mathematically consistent with the other amounts and levels set forth in this concurrent resolution:

(1) The recommended levels of Federal revenues are as follows:

Fiscal year 1987: $852,400,000,000.
Fiscal year 1988: $929,750,000,000.
Fiscal year 1989: $1,001,100,000,000.

(2) The appropriate levels of total new budget authority are as follows:

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Fiscal year 1987: $1,093,350,000,000.
Fiscal year 1988: $1,166,450,000,000.
Fiscal year 1989: $1,215,850,000,000.

(3) The appropriate levels of total budget outlays are as follows:

Fiscal year 1987: $995,000,000,000.
Fiscal year 1988: $1,045,400,000,000.
Fiscal year 1989: $1,079,000,000,000.

(4) The amounts of the deficits are as follows:

Fiscal year 1987: $142,600,000,000.
Fiscal year 1988: $115,650,000,000.
Fiscal year 1989: $77,900,000,000.

(b) The following budgetary levels are appropriate for the fiscal years beginning on October 1, 1986, October 1, 1987, and October 1, 1988:

(1) The recommended levels of Federal revenues are as follows:

Fiscal year 1987: $638,850,000,000.
Fiscal year 1988: $687,750,000,000.
Fiscal year 1989: $738,250,000,000.

and the amounts by which the aggregate levels of Federal revenues should be increased are as follows:

Fiscal year 1987: $5,950,000,000.
Fiscal year 1988: $6,300,000,000.
Fiscal year 1989: $7,350,000,000.

and the amounts for Federal Insurance Contributions Act revenues for hospital insurance within the recommended levels of Federal revenues are as follows:

Fiscal year 1987: $55,700,000,000.
Fiscal year 1988: $60,150,000,000.
Fiscal year 1989: $64,250,000,000.

(2) The appropriate levels of total new budget authority are as follows:

Fiscal year 1987: $879,800,000,000.
Fiscal year 1988: $924,350,000,000.
Fiscal year 1989: $952,800,000,000.

(3) The appropriate levels of total budget outlays are as follows:

Fiscal year 1987: $799,150,000,000.
Fiscal year 1988: $739,850,000,000.
Fiscal year 1989: $862,500,000,000.

(4) The amounts of the deficits in the budget which are appropriate in the light of economic conditions and all other relevant factors are as follows:

Fiscal year 1987: $160,300,000,000.
Fiscal year 1988: $152,100,000,000.
Fiscal year 1989: $124,250,000,000.

(5) The appropriate levels of the public debt are as follows:

Fiscal year 1987: $2,322,800,000,000.
Fiscal year 1988: $2,530,650,000,000.
Fiscal year 1989: $2,713,300,000,000.

(6) The appropriate levels of total Federal credit activity for the fiscal years beginning on October 1, 1986, October 1, 1987, and October 1, 1988, are as follows:

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Fiscal year 1987:
(A) New direct loan obligations, $34,550,000,000.
(B) New primary loan guarantee commitments, $100,750,000,000.
Fiscal year 1988:
(A) New direct loan obligations, $32,300,000,000.
(B) New primary loan guarantee commitments, $91,750,000,000.
Fiscal year 1989:
(A) New direct loan obligations, $30,050,000,000.
(B) New primary loan guarantee commitments, $93,500,000,000.

(c) The Congress hereby determines and declares the appropriate levels of budget authority and budget outlays, and the appropriate levels of new direct loan obligations, and new primary loan guarantee commitments for fiscal years 1987 through 1989 for each major functional category are:

(1) National Defense (050):
Fiscal year 1987:
(A) New budget authority, $292,150,000,000.
(B) Outlays, $279,150,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1988:
(A) New budget authority, $304,100,000,000.
(B) Outlays, $285,400,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1989:
(A) New budget authority, $316,700,000,000.
(B) Outlays, $297,950,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.

(2) International Affairs (150):
Fiscal year 1987:
(A) New budget authority, $17,450,000,000.
(B) Outlays, $14,000,000,000.
(C) New direct loan obligations, $7,350,000,000.
(D) New primary loan guarantee commitments, $11,750,000,000.
Fiscal year 1988:
(A) New budget authority, $17,700,000,000.
(B) Outlays, $13,850,000,000.
(C) New direct loan obligations, $7,400,000,000.
(D) New primary loan guarantee commitments, $11,700,000,000.
Fiscal year 1989:
(A) New budget authority, $16,600,000,000.
(B) Outlays, $13,200,000,000.
(C) New direct loan obligations, $7,500,000,000.
(D) New primary loan guarantee commitments, $11,700,000,000.

(3) General Science, Space, and Technology (250):
Fiscal year 1987:

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(A) New budget authority, $9,100,000,000.
(B) Outlays, $8,900,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1988:
(A) New budget authority, $9,150,000,000.
(B) Outlays, $9,100,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1989:
(A) New budget authority, $9,400,000,000.
(B) Outlays, $9,150,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(4) Energy (270):
Fiscal year 1987:
(A) New budget authority, $4,850,000,000.
(B) Outlays, $3,500,000,000.
(C) New direct loan obligations, $1,950,000,000.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1988:
(A) New budget authority, $2,900,000,000.
(B) Outlays, $2,850,000,000.
(C) New direct loan obligations, $1,950,000,000.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1989:
(A) New budget authority, $5,350,000,000.
(B) Outlays, $4,750,000,000.
(C) New direct loan obligations, $1,950,000,000.
(D) New primary loan guarantee commitments, $0.
(5) Natural Resources and Environment (300):
Fiscal year 1987:
(A) New budget authority, $12,400,000,000.
(B) Outlays, $12,600,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1988:
(A) New budget authority, $12,500,000,000.
(B) Outlays, $12,550,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1989:
(A) New budget authority, $12,300,000,000.
(B) Outlays, $12,650,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $0.
(6) Agriculture (350):
Fiscal year 1987:
(A) New budget authority, $23,800,000,000.
(B) Outlays, $23,500,000,000.
(C) New direct loan obligations, $14,300,000,000.
(D) New primary loan guarantee commitments, $8,000,000,000.
Fiscal year 1988:

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(A) New budget authority, $26,100,000,000.
(B) Outlays, $24,900,000,000.
(C) New direct loan obligations, $12,100,000,000.
(D) New primary loan guarantee commitments, $8,500,000,000.

Fiscal year 1989:
(A) New budget authority, $25,300,000,000.
(B) Outlays, $21,600,000,000.
(C) New direct loan obligations, $11,300,000,000.
(D) New primary loan guarantee commitments, $8,500,000,000.

(7) Commerce and Housing Credit (370):

Fiscal year 1987:
(A) New budget authority, $10,300,000,000.
(B) Outlays, $2,050,000,000.
(C) New direct loan obligations, $4,450,000,000.
(D) New primary loan guarantee commitments, $53,750,000,000.

Fiscal year 1988:
(A) New budget authority, $10,800,000,000.
(B) Outlays, $6,550,000,000.
(C) New direct loan obligations, $4,350,000,000.
(D) New primary loan guarantee commitments, $43,250,000,000.

Fiscal year 1989:
(A) New budget authority, $8,200,000,000.
(B) Outlays, $2,000,000,000.
(C) New direct loan obligations, $4,600,000,000.
(D) New primary loan guarantee commitments, $44,150,000,000.

(8) Transportation (400):

Fiscal year 1987:
(A) New budget authority, $25,350,000,000.
(B) Outlays, $25,850,000,000.
(C) New direct loan obligations, $500,000,000.
(D) New primary loan guarantee commitments, $50,000,000.

Fiscal year 1988:
(A) New budget authority, $26,800,000,000.
(B) Outlays, $26,950,000,000.
(C) New direct loan obligations, $400,000,000.
(D) New primary loan guarantee commitments, $50,000,000.

Fiscal year 1989:
(A) New budget authority, $26,900,000,000.
(B) Outlays, $26,900,000,000.
(C) New direct loan obligations, $200,000,000.
(D) New primary loan guarantee commitments, $50,000,000.

(9) Community and Regional Development (450):

Fiscal year 1987:
(A) New budget authority, $6,200,000,000.
(B) Outlays, $7,000,000,000.
(C) New direct loan obligations, $1,050,000,000.

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(D) New primary loan guarantee commitments, $300,000,000.

Fiscal year 1988:

(A) New budget authority, $6,550,000,000.

(B) Outlays, $7,100,000,000.

(C) New direct loan obligations, $1,300,000,000.

(D) New primary loan guarantee commitments, $300,000,000.

Fiscal year 1989:

(A) New budget authority, $6,600,000,000.

(B) Outlays, $6,700,000,000.

(C) New direct loan obligations, $1,100,000,000.

(D) New primary loan guarantee commitments, $300,000,000.

(10) Education, Training, Employment, and Social Services (500):

Fiscal year 1987:

(A) New budget authority, $33,450,000,000.

(B) Outlays, $30,550,000,000.

(C) New direct loan obligations, $1,500,000,000.

(D) New primary loan guarantee commitments, $10,300,000,000.

Fiscal year 1988:

(A) New budget authority, $30,300,000,000.

(B) Outlays, $31,450,000,000.

(C) New direct loan obligations, $1,400,000,000.

(D) New primary loan guarantee commitments, $10,700,000,000.

Fiscal year 1989:

(A) New budget authority, $30,400,000,000.

(B) Outlays, $30,900,000,000.

(C) New direct loan obligations, $1,300,000,000.

(D) New primary loan guarantee commitments, $11,000,000,000.

(11) Health (550):

Fiscal year 1987:

(A) New budget authority, $38,600,000,000.

(B) Outlays, $38,300,000,000.

(C) New direct loan obligations, $50,000,000.

(D) New primary loan guarantee commitments, $300,000,000.

Fiscal year 1988:

(A) New budget authority, $40,500,000,000.

(B) Outlays, $40,550,000,000.

(C) New direct loan obligations, $50,000,000.

(D) New primary loan guarantee commitments, $300,000,000.

Fiscal year 1989:

(A) New budget authority, $42,500,000,000.

(B) Outlays, $42,400,000,000.

(C) New direct loan obligations, $50,000,000.

(D) New primary loan guarantee commitments, $300,000,000.

(12) Medicare (570):

Fiscal year 1987:

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(A) New budget authority, $83,000,000,000.
(B) Outlays, $73,250,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1988:
(A) New budget authority, $91,400,000,000.
(B) Outlays, $21,450,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1989:
(A) New budget authority, $101,450,000,000.
(B) Outlays, $90,900,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(13) Income Security (600):
Fiscal year 1987:
(A) New budget authority, $163,500,000,000.
(B) Outlays, $121,750,000,000.
(C) New direct loan obligations, $1,800,000,000.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1988:
(A) New budget authority, $175,100,000,000.
(B) Outlays, $128,000,000,000.
(C) New direct loan obligations, $1,800,000,000.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1989:
(A) New budget authority, $179,500,000,000.
(B) Outlays, $132.950,000,000.
(C) New direct loan obligations, $700,000,000.
(D) New primary loan guarantee commitments, $0.
(14) Social Security (650):
Fiscal year 1987:
(A) New budget authority, $5,500,000,000.
(B) Outlays, $5,500,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1988:
(A) New budget authority, $6,150,000,000.
(B) Outlays, $6,150,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1989:
(A) New budget authority, $6,850,000,000.
(B) Outlays, $6,850,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(15) Veterans Benefits and Services (700):
Fiscal year 1987:
(A) New budget authority, $27,000,000,000.
(B) Outlays, $26,550,000,000.
(C) New direct loan obligations, $1,550,000,000.
(D) New primary loan guarantee commitments, $16,300,000,000.
Fiscal year 1988:

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(A) New budget authority, $27,300,000,000.
(B) Outlays, $26,900,000,000.
(C) New direct loan obligations, $1,500,000,000.
(D) New primary loan guarantee commitments, $16,950,000,000.
Fiscal year 1989:
(A) New budget authority, $27,300,000,000.
(B) Outlays, $26,900,000,000.
(C) New direct loan obligations, $1,300,000,000.
(D) New primary loan guarantee commitments, $17,550,000,000.
(16) Administration of Justice (750):
Fiscal year 1987:
(A) New budget authority, $7,200,000,000.
(B) Outlays, $7,150,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1988:
(A) New budget authority, $7,100,000,000.
(B) Outlays, $7,100,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1989:
(A) New budget authority, $7,000,000,000.
(B) Outlays, $7,100,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(17) General Government (800):
Fiscal year 1987:
(A) New budget authority, $5,500,000,000.
(B) Outlays, $5,450,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1988:
(A) New budget authority, $6,000,000,000.
(B) Outlays, $6,000,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1989:
(A) New budget authority, $6,100,000,000.
(B) Outlays, $6,100,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(18) General Purpose Fiscal Assistance (850):
Fiscal year 1987:
(A) New budget authority, $1,950,000,000.
(B) Outlays, $2,750,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1988:
(A) New budget authority, $1,950,000,000.
(B) Outlays, $1,950,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.

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Fiscal year 1989:
(A) New budget authority, $2,050,000,000.
(B) Outlays, $2,050,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.

(19) Net Interest (900):
Fiscal year 1987:
(A) New budget authority, $148,300,000,000.
(B) Outlays, $148,300,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1988:
(A) New budget authority, $158,850,000,000.
(B) Outlays, $158,850,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1989:
(A) New budget authority, $160,050,000,000.
(B) Outlays, $160,050,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.

(20) Allowances (920):
Fiscal year 1987:
(A) New budget authority, $900,000,000.
(B) Outlays, $50,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1988:
(A) New budget authority, $3,450,000,000.
(B) Outlays, $2,550,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1989:
(A) New budget authority, $4,750,000,000.
(B) Outlays, $3,900,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.

(21) Undistributed Offsetting Receipts (950):
Fiscal year 1987:
(A) New budget authority, −$30,700,000,000.
(B) Outlays, −$36,900,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1988:
(A) New budget authority, −$40,350,000,000.
(B) Outlays, −$40,350,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1989:
(A) New budget authority, −$42,500,000,000.
(B) Outlays, −$42,500,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.

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RECONCILIATION

SEC. 2. (a) Not later than July 25, 1986, the committees named in subsections (b) through (t) of this section shall submit their recommendations to the Committees on the Budget of their respective Houses. After receiving those recommendations, the Committees on the Budget shall report to the House and Senate a reconciliation bill or resolution or both carrying out all such recommendations without any substantive revision.

HOUSE COMMITTEES

(b) The House Committee on Agriculture shall report (1) changes in laws within its jurisdiction which provide spending authority, as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority and outlays; (2) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to achieve savings in budget authority and outlays; or (3) any combination thereof, as follows: decrease budget authority by $55,000,000 and outlays by $555,000,000 in fiscal year 1987; decrease budget authority by $49,000,000 and outlays by $549,000,000 in fiscal year 1988; and decrease budget authority by $43,000,000 and outlays by $543,000,000 in fiscal year 1989.

(c) The House Committee on Banking, Finance, and Urban Affairs shall report (1) changes in laws within its jurisdiction which provide spending authority, as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority and outlays; (2) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to achieve savings in budget authority and outlays; or (3) any combination thereof, as follows: increase budget authority by $642,000,000 and decrease outlays by $1,658,000,000 in fiscal year 1987; outlays by $523,000,000 in fiscal year 1988; and increase budget authority by $164,000,000 and decrease outlays by $546,000,000 in fiscal year 1989.

(d) The House Committee on Education and Labor shall report (1) changes in laws within its jurisdiction which provide spending authority, as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority and outlays; (2) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to achieve savings in budget authority and outlays; or (3) any combination thereof, as follows: decrease budget authority by $25,000,000 and outlays by $604,000,000 in fiscal year 1987; decrease budget authority by $150,000,000 and outlays by $449,000,000 in fiscal year 1988; and decrease budget authority by $250,000,000 and outlays by $141,000,000 in fiscal year 1989.

(e) The House Committee on Energy and Commerce shall report (1) changes in laws within its jurisdiction which provide spending authority, as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority and outlays; (2) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to achieve savings in budget authority and out-

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lays; or (3) any combination thereof, as follows: decrease budget authority by $1,125,000,000 and outlays by $1,867,000,000 in fiscal year 1987; decrease budget authority by $500,000,000 and outlays by $1,721,000,000 in fiscal year 1988; and decrease budget authority by $500,000,000 and outlays by $2,012,000,000 in fiscal year 1989.

(f) The House Committee on Interior and Insular Affairs shall report (1) changes in laws within its jurisdiction which provide spending authority, other than as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority and outlays; (2) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to achieve savings in budget authority and outlays; or (3) any combination thereof, as follows: decrease budget authority by $100,000,000 and outlays by $100,000,000 in fiscal year 1987; decrease budget authority by $100,000,000 and outlays by $100,000,000 in fiscal year 1988; and decrease budget authority by $100,000,000 and outlays by $100,000,000 in fiscal year 1989.

(g) The House Committee on Merchant Marine and Fisheries shall report (1) changes in laws within its jurisdiction which provide spending authority, as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority and outlays; (2) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to achieve savings in budget authority and outlays; or (3) any combination thereof, as follows: decrease budget authority by $50,000,000 and outlays by $50,000,000 in fiscal year 1987; decrease budget authority by $50,000,000 and outlays by $50,000,000 in fiscal year 1988; and decrease budget authority by $50,000,000 and outlays by $50,000,000 in fiscal year 1989.

(h) The House Committee on Post Office and Civil Service shall report (1) changes in laws within its jurisdiction which provide spending authority, as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority and outlays; (2) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to achieve savings in budget authority and outlays; or (3) any combination thereof, as follows: decrease budget authority by $100,000,000 and decrease outlays by $100,000,000 in fiscal year 1987; decrease budget authority by $100,000,000 and decrease outlays by $100,000,000 in fiscal year 1988; and decrease budget authority by $100,000,000 and decrease outlays by $100,000,000 in fiscal year 1989.

(i) The House Committee on Public Works and Transportation shall report (1) changes in laws within its jurisdiction which provide spending authority, as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority and outlays; (2) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to achieve savings in budget authority and outlays; or (3) any combination thereof, as follows: decrease budget authority by $1,783,000,000 and decrease outlays by $191,000,000 in fiscal year 1987; decrease budget authority by

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$2,243,000,000 and outlays by $1,023,000,000 in fiscal year 1988; and decrease budget authority by $2,723,000,000 and decrease outlays by $1,574,000,000 in fiscal year 1989.

(j) The House Committee on Small Business shall report (1) changes in laws within its jurisdiction which provide spending authority, as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority and outlays; (2) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to achieve savings in budget authority and outlays; or (3) any combination thereof, as follows: decrease budget authority by $438,000,000 and outlays by $343,000,000 in fiscal year 1987; decrease budget authority by $399,000,000 and outlays by $55,000,000 in fiscal year 1988; and decrease budget authority by $223,000,000 and outlays by $14,000,000 in fiscal year 1989.

(k) The House Committee on Ways and Means shall report changes in law within the jurisdiction of that committee sufficient to reduce the budget deficit by $4,350,000,000 in fiscal year 1987; to reduce the budget deficit by $4,095,000,000 in fiscal year 1988; and to reduce the budget deficit by $4,190,000,000 in fiscal year 1989.

SENATE COMMITTEES

(l) The Senate Committee on Agriculture, Nutrition, and Forestry shall report (1) changes in laws within its jurisdiction which provide spending authority, as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority and outlays; (2) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to achieve savings in budget authority and outlays; or (3) any combination thereof, as follows: decrease budget authority by $55,000,000 and outlays by $555,000,000 in fiscal year 1987; decrease budget authority by $549,000,000 and outlays by $549,000,000 in fiscal year 1988; and decrease budget authority by $43,000,000 and outlays by $543,000,000 in fiscal year 1989.

(m) The Senate Committee on Banking, Housing, and Urban Affairs shall report (1) changes in laws within its jurisdiction which provide spending authority, as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority and outlays; (2) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to achieve savings in budget authority and outlays; or (3) any combination thereof, as follows: increase budget authority by $642,000,000 and decrease outlays by $1,658,000,000 in fiscal year 1987; decrease outlays by $523,000,000 in fiscal year 1988; and increase budget authority by $164,000,000 and decrease outlays by $546,000,000 in fiscal year 1989.

(n) The Senate Committee on Commerce, Science, and Transportation shall report (1) changes in laws within its jurisdiction which provide spending authority, as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority and outlays; (2) changes in laws within its jurisdiction which provide spending authority other than as defined in section

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401(c)(2)(C) of the Act, sufficient to achieve savings in budget authority and outlays; or (3) any combination thereof, as follows: decrease budget authority by $50,000,000 and outlays by $50,000,000 in fiscal year 1987; decrease budget authority by $50,000,000 and outlays by $50,000,000 in fiscal year 1988; and decrease budget authority by $50,000,000 and outlays by $50,000,000 in fiscal year 1989.

(o) The Senate Committee on Energy and Natural Resources shall report (1) changes in laws within its jurisdiction which provide spending authority, as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority and outlays; (2) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to achieve savings in budget authority and outlays; or (3) any combination thereof, as follows: decrease budget authority by $1,025,000,000 and outlays by $1,217,000,000 in fiscal year 1987; decrease budget authority by $400,000,000 and outlays by $421,000,000 in fiscal year 1988; and decrease budget authority by $400,000,000 and outlays by $412,000,000 in fiscal year 1989.

(p) The Senate Committee on Environment and Public Works shall report (1) changes in laws within its jurisdiction which provide spending authority, as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority and outlays; (2) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to achieve savings in budget authority and outlays; or (3) any combination thereof, as follows: decrease budget authority by $1,883,000,000 and outlays by $2S1,000,000 in fiscal year 1987; decrease budget authority by $2,343,000,000 and outlays by $1,123,000,000 in fiscal year 1988; and decrease budget authority by $2,823,000,000 and outlays by $1,674,000,000 in fiscal year 1989.

(q)(1) The Senate Committee on Finance shall report (A) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget and Impoundment Control act of 1974, sufficient to reduce budget authority and outlays, (B) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (C) any combination thereof, as follows: decrease outlays by $850,000,000 in fiscal year 1987, decrease outlays by $1,495,000,000 in fiscal year 1988, and decrease outlays by $1,790,000,000 in fiscal year 1989.

(2) The Senate Committee on Finance shall report changes in laws within its jurisdiction sufficient to increase revenues as follows: $3,500,000,000 in fiscal year 1987; $2,600,000,000 in fiscal year 1988; and $2,400,000,000 in fiscal year 1989.

(r) The Senate Committee on Governmental Affairs shall report (1) changes in laws within its jurisdiction which provide spending authority, as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority and outlays; (2) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of

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the Act, sufficient to achieve savings in budget authority and outlays; or (3) any combination thereof, as follows: decrease budget authority by $100,000,000 and decrease outlays by $100,000,000 in fiscal year 1987; decrease budget authority by $100,000,000 and decrease outlays by $100,000,000 in fiscal year 1988; and decrease budget authority by $100,000,000 and decrease outlays by $100,000,000 in fiscal year 1989.

(s) The Senate Committee on Labor and Human Resources shall report (1) changes in laws within its jurisdiction which provide spending authority, as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority and outlays; (2) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to achieve savings in budget authority and outlays; or (3) any combination thereof, as follows: decrease budget authority by $25,000,000 and outlays by $604,000,000 in fiscal year 1987; decrease budget authority by $150,000,000 and outlays by $449,000,000 in fiscal year 1988; and decrease budget authority by $250,000,000 and outlays by $141,000,000 in fiscal year 1989.

(t) The Senate Committee on Small Business shall report (1) changes in laws within its jurisdiction which provide spending authority, as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority and outlays, (2) changes in laws within its jurisdiction other than those which provide spending authority as defined in section 401(c)(2)(C) of the Act, sufficient to achieve savings in budget authority and outlays; or (3) any combination thereof, as follows: decrease budget authority by $438,000,000 and outlays by $343,000,000 in fiscal year 1987; decrease budget authority by $399,000,000 and outlays by $55,000,000 in fiscal year 1988; and decrease budget authority by $223,000,000 and outlays by $14,000,000 in fiscal year 1989.

CONTINGENCY FUND FOR DEFICIT REDUCTION AND UNMET CRITICAL NEEDS

SEC. 3. (a)(1) Budget authority and outlays for unmet critical needs of amounts not to exceed the amounts specified in subsection (c) for fiscal year 1987 shall be allocated to the appropriate committees of the House of Representatives and the Senate, and the aggregates for fiscal years 1987, 1988, and 1989 in section 1 of this resolution shall be adjusted accordingly, when—

(A) legislation has been enacted which would ensure that any legislation providing for such additional funding would not increase the deficits for fiscal years 1987, 1988, and 1989 set forth in section 1 of this resolution;

(B) the President submits a request pursuant to paragraph (2); and

(C) the appropriate committees of the House of Representatives or the Senate have reported legislation as requested by the President that will, if enacted, make funds available for such unmet critical needs.

(2) If the President determines that additional funding is necessary for unmet critical needs, the President shall submit to the Congress a message or messages—

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(A) requesting specific amounts of additional funding to meet such needs; and

(B)(i) requesting the enactment of legislation to ensure that the deficits set forth in section 1 of this resolution are not increased as a result of any additional funding provided to carry out such request; or

(ii) identifying legislation enacted before the date of such submission which would result in such additional funding not increasing the deficits set forth in section 1 of this resolution.

(b) The Committees on the Budget of the House of Representatives and the Senate are authorized and directed to report to their respective Houses revised allocations pursuant to section 302(a) of the Congressional Budget Act of 1974, consistent with legislation reported pursuant to subsection (a)(1)(C), and revised budget aggregates to carry out this section. Upon the reporting of such revised allocations, the appropriate committees of such Houses shall report revised allocations pursuant to section 302(b) of such Act to carry out this section. Such revised allocations and budget aggregates shall be considered for the purposes of the Congressional Budget Act of 1974 as allocations and aggregates contained in this resolution.

(c)(1) The amounts of budget authority and outlays available for allocation under subsection (a)(1) for funding unmet critical needs shall not exceed amounts as follows:

Fiscal Year 1987:

(A) New budget authority, $9,950,000,000;

(B) Outlays, $4,800,000,000;

of which not to exceed $6,850,000,000 in budget authority and $3,000,000,000 in outlays shall be available for additional defense spending.

Fiscal Year 1988:

(A) New budget authority, $15,450,000,000;

(B) Outlays, $11,450,000,000;

of which not to exceed $8,100,000,000 in budget authority and $6,400,000,000 in outlays shall be available for additional defense spending.

Fiscal Year 1989:

(A) New budget authority, $12,850,000,000;

(B) Outlays, $10,800,000,000;

of which not to exceed $10,500,000,000 in budget authority and $7,250,000,000 in outlays shall be available for additional defense spending.

(2) Amounts described in paragraph (1) may be used to provide funding for additional defense spending and additional nondefense funding in excess of functional levels set forth in section 1 of this resolution.

(d) Nothing in this section shall preclude the President requesting or Congress initiating legislation—

(1) to reduce the deficits for the fiscal years specified in subsection (a)(1) to levels below those set forth in section 1 of this resolution; or

(2) to ensure that such levels are not exceeded by reason of changing economic conditions or estimates.

Upon enactment of deficit reduction legislation of the type described in paragraph (1) of this subsection, the aggregates in section 1 of this resolution shall be adjusted accordingly.

GENERAL REVENUE SHARING EXTENSION

SEC. 4. Budget authority and outlays for funding an extension of general revenue sharing under the State and Local Assistance Act of 1972 through the end of fiscal year 1989 would be allocated to the appropriate committees of the House and Senate and the aggregates in section 1 of this resolution would be adjusted accordingly if—

(1) legislation ensuring that the funding would not increase the deficits set forth in section 1 of this resolution has been enacted into law;

(2) an authorization for such funding has been enacted into law; and

(3) such committee has reported legislation to provide such funding.

(b) The Committees on the Budget of the House of Representatives and the Senate are authorized and directed to report to their respective Houses revised allocations pursuant to section 302(a) of the Congressional Budget Act of 1974 and revised budget aggregates to carry out this section. Upon the reporting of such revised allocations, the appropriate committees of such Houses shall report revised allocations pursuant to section 302(b) of such Act to carry out this section. Such revised allocations and budget aggregates shall be considered for purposes of such Act as allocations and aggregates contained in this resolution.

(c) This section shall not apply to the extent that additional funding for general revenue sharing is provided for within the section 302(a) allocations of budget authority and outlays to the appropriate committees of the House of Representatives and the Senate made in the joint explanatory statement accompanying this resolution.

REPORT ON DOD INFLATION FUNDING

SEC. 5. (a) It is the sense of the Congress that the Secretary of Defense should transmit a report to the Speaker of the House of Representatives and the President pro tempore of the Senate setting forth a full and complete accounting of all moneys appropriated to the Department of Defense for fiscal year 1986 in excess of sums needed to cover inflation. Such report shall be referred to the Committee on Appropriations and Committee on Armed Services of each House. The Committee on the Budget of each House shall be notified upon the transmittal of such report.

(b) It is further the sense of the Congress that the report described in subsection (a) shall also be submitted to the General Accounting Office which shall report to the Congress within a period of 14 days on its findings as to that report, and that upon receipt of the General Accounting Office report the Committees on Armed Services of the House and Senate shall take appropriate action to ensure that only the appropriate levels of funding for inflation are provided.

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(c) It is further the sense of the Congress that for fiscal years 1988 and 1989, the Secretary of Defense shall, within 90 days of the close of each such fiscal year, issue to the Speaker of the House of Representatives and the President pro tempore of the Senate, a report accounting for any moneys appropriated for each respective prior fiscal year to cover inflation, which have not been obligated for such purposes.

GNP DEFLATOR

SEC. 6. It is the sense of the Congress that the Committees on Armed Services of the House and Senate should consider legislation prohibiting the Department of Defense from using an arbitrary deflator (one not based on historical or factual data) for major weapons systems which would provide funding for major weapons systems inflation in excess of the GNP deflator.

FEDERAL CREDIT PROGRAM REFORM

SEC. 7. (a) The Congress finds that:

(1) The Federal Government is a major lender and allocator of capital through direct loan and loan guarantee programs.

(2) The creation of the Federal Financing Bank was a major step in streamlining and reducing the cost of these programs.

(3) Despite the improvements in funding brought about by the Federal Financing Bank, however, serious shortcomings remain in the allocation and management of Federal credit programs.

(4) Current allocation decisions for a loan and loan guarantee programs do not adequately reflect economic costs and, because cost calculations are not uniform across programs, they do not allow accurate comparisons among programs.

(5) Current Federal credit program controls provide little incentive for sound credit management practices or timely debt collection.

(b) It is therefore the sense of the Congress that the appropriate committees of the Congress should review proposals to change the Federal credit budget, including use of mechanisms which would—

(1) provide uniform budget treatment of Federal credit programs based on their subsidy cost;

(2) permit accurate comparison of credit and spending programs based on their true economic cost;

(3) promote effective management of Federal credit programs, providing accurate and comprehensive data on Federal credit activity and encouraging timely debt collection; and

(4) undertake accounting and management reforms for Federal credit programs as appropriate.

OIL AND GAS EMPLOYEES

SEC. 8. Since in the last six months the Government of Saudi Arabia has more than doubled its export of petroleum and petroleum products; and

Since these increased export volumes have resulted in a surplus of petroleum and petroleum products within the world marketplace; and

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Since this surplus has directly resulted in a dramatic reduction of the weighted average price of international crude from $27.10 on January 7, 1986, to $13.08 on April 15, 1986; and

Since the United States has increased its importation of petroleum and petroleum products by 26 percent over the comparable period last year;

Since this dramatic reduction in price and the increased level of imports has resulted in a corresponding reduction in domestic petroleum exploration activities, including a reduction in the number of active rotary drilling rigs in the United States from 4,797 in 1981, to 865 as of April 21, 1986; and

Since the increase in petroleum imports and the reduction in domestic exploration efforts have resulted in a loss of jobs for individuals who are employed by the oil and gas industry and oil and gas service industry; and

Since American firms and employees that are injured by increased imports are eligible for temporary assistance under the Trade Adjustment Assistance Act; and

Since the Administration is narrowly interpreting the Trade Adjustment Assistance Act so as to exclude employees of the oil and gas industry and oil and gas service industry from receiving the benefits of this Act.

It is therefore the sense of the Congress that—

employees of the United States oil and gas industry and oil and gas service industry have been directly injured by a dramatic increase in imported petroleum and petroleum products and by the resulting decline in domestic oil exploration efforts; and

the Administration should immediately broaden its interpretation of the Trade Adjustment Assistance Act so as to allow employees of the United States oil and gas industry and oil and gas service industry to qualify for certification under the Act; and

if the Administration does not act immediately to resolve this matter, the Congress will address this issue on the first appropriate vehicle to be considered by the Congress.

STRATEGIC PETROLEUM RESERVE

SEC. 9. It is the sense of the Congress that the policy to fill the Strategic Petroleum Reserve to an ultimate capacity of 750 million barrels be reaffirmed. It is also recommended that the Federal Government purchase oil for the Reserve in a way designed to help domestic stripper oil well producers so as to minimize the shutting-in of stripper production.

COOPERATIVE EXTENSION SERVICE

SEC. 10. It is the sense of the Congress that Federal funds for the Cooperative Extension Service of the Department of Agriculture should be maintained at a level sufficient to carry out fully the vital services it is providing to rural America during a time of extreme stress. It is further assumed that this funding will be used especially to support and strengthen such core programs as 4-H Youth Development, Home Economics and Family Living, Natural

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Resources and Community Development, and services that provide agricultural financial analysis and farm management instruction.

FOREIGN AGRICULTURAL INVESTMENT REFORM

SEC. 11. It is the sense of the Congress that the use of foreign aid funds for financing the foreign production for export use of agricultural commodities already in surplus on world markets is a counter-productive use of American tax dollars as well as devastating to the American farmer who loses export markets from the unfairly subsidized competition.

SOCIAL SECURITY COLAS

SEC. 12. It is the sense of the Congress that legislation should be enacted to provide that social security cost-of-living adjustments, and COLAs in other programs linked to those adjustments, will be paid at the actual rate of inflation, whether it is above or below 3 percent.

SECTION 302(A) ALLOCATIONS

SEC. 13. The Chairman of the Committee on the Budget of the House of Representatives may file, not later than July 9, 1986, a report in the House containing the allocations required to be made pursuant to section 302(a) of the Congressional Budget Act of 1974. The report shall be printed as, and considered to be, a report of the Committee on the Budget and such allocations made in that report shall be considered to be the allocations required to be in the joint explanatory statement accompanying this resolution.

EXPLANATION OF CONFERENCE SUBSTITUTE

The following tables show the functional allocations and budget aggregates included in the conference substitute. The fiscal year 1987 columns show the budget aggregates and functional allocations for the budget resolution for fiscal year 1987. The columns for fiscal year 1988 and fiscal year 1989 show budget aggregates and functional allocations which the conferees consider appropriate for those years.

Conference agreement

Fiscal year 1987:	
Budget authority	$1,093.35
Outlays	995.00
Revenues	852.40
Deficit	142.60
Debt subject to limit	2,322.80
Fiscal year 1988:	
Budget authority	1,166.45
Outlays	1,045.40
Revenues	929.75
Deficit	115.65
Debt subject to limit	2,530.65
Fiscal year 1989:	
Budget authority	1,215.85
Outlays	1,079.00
Revenues	1,001.10
Deficit	77.90
Debt subject to limit	2,713.30

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Conference agreement on budget only

Fiscal year 1987:	
Budget authority	$879.80
Outlays	799.15
Revenues	638.85
Deficit	160.30
Debt subject to limit	2,322.80
Fiscal year 1988:	
Budget authority	924.35
Outlays	839.85
Revenues	687.75
Deficit	152.10
Debt subject to limit	2,530.65
Fiscal year 1989:	
Budget authority	952.80
Outlays	862.50
Revenues	738.25
Deficit	124.25
Debt subject to limit	2,713.30

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FUNCTIONAL ANALYSIS

[In billions of dollars]

	House passed May 8, 1986			Senate passed May 2, 1986			Conference agreement		
	1987	1988	1989	1987	1988	1989	1987	1988	1989
Budget authority	1,085.35	1,159.65	1,205.35	1,101.260	1,170.011	1,220.868	1,093.35	1,166.45	1,215.85
Outlays	994.25	1,047.05	1,076.15	1,001.212	1,051.223	1,083.993	995.00	1,045.40	1,079.00
Revenues	857.20	941.20	1,011.90	857.212	941.164	1,011.918	852.40	929.75	1,001.10
Deficit	137.05	105.85	64.25	144.000	110.059	72.075	142.60	115.65	77.90
Function									
050 National Defense:									
Budget authority	285.00	295.50	306.50	300.953	312.154	327.153	292.15	304.10	316.70
Outlays	276.20	281.40	290.50	281.962	291.753	305.135	279.15	285.40	297.95
150 International Affairs:									
Budget authority	17.00	17.30	15.90	17.856	18.047	17.297	17.45	17.70	16.60
Outlays	13.80	13.55	12.85	14.205	14.134	13.557	14.00	13.85	13.20
250 General Science, Space and Technology:									
Budget authority	8.80	8.75	8.80	9.280	9.385	10.048	9.10	9.15	9.40
Outlays	8.75	8.75	8.65	9.097	9.168	9.502	8.90	9.10	9.15
270 Energy:									
Budget authority	4.90	4.65	4.80	4.666	5.971	5.771	4.85	2.90	5.35
Outlays	4.85	4.15	3.75	4.612	5.647	5.153	3.50	2.85	4.75
300 Natural Resources and Environment:									
Budget authority	11.95	12.00	11.80	12.500	12.599	12.399	12.40	12.50	12.30
Outlays	12.25	12.15	12.20	12.600	12.599	12.699	12.60	12.55	12.56
350 Agriculture:									
Budget authority	23.80	26.00	25.30	23.800	26.100	25.300	23.80	26.10	25.30
Outlays	23.55	24.80	21.55	23.500	24.900	21.600	23.50	24.90	21.60
370 Commerce and Housing Credit:									
Budget authority	9.80	9.35	7.55	10.004	10.503	7.508	10.30	10.80	8.20
Outlays	2.20	5.10	1.30	3.547	6.293	1.394	2.05	6.55	2.00
400 Transportation:									
Budget authority	24.60	26.35	26.30	26.795	26.493	26.592	25.35	26.80	26.90
Outlays	25.50	26.45	26.35	27.795	26.693	26.792	25.85	26.95	26.90
450 Community and Regional Development:									
Budget authority	6.30	6.45	6.50	6.891	7.191	7.090	6.20	6.55	6.60
Outlays	7.00	7.05	6.60	7.196	6.992	6.792	7.00	7.10	6.70

500 Education, Training, Employment and Social Services:									
Budget authority	33.75	32.85	33.80	33.229	30.278	30.177	33.45	30.30	30.40
Outlays	30.60	32.30	33.10	30.558	31.247	30.645	30.55	31.45	30.90
550 Health:									
Budget authority	38.65	40.50	42.70	38.598	40.523	42.523	38.60	40.50	42.50
Outlays	38.35	40.70	42.80	38.324	40.556	42.379	38.30	40.55	42.40
570 Medicare:									
Budget authority	83.00	91.40	101.45	82.900	90.900	100.800	83.00	91.40	101.45
Outlays	73.40	81.85	91.35	72.800	80.500	88.800	73.25	81.45	90.90
600 Income Security:									
Budget authority	165.25	172.90	176.50	161.350	169.263	173.100	163.50	175.10	179.50
Outlays	121.40	127.20	130.60	121.450	127.733	132.417	121.75	128.00	132.95
650 Social Security:									
Budget authority	226.65	257.00	281.40	228.370	260.468	286.487	227.05	259.80	285.10
Outlays	209.35	223.25	238.55	209.388	223.197	238.568	209.35	223.25	238.55
700 Veterans Benefits and Services:									
Budget authority	27.05	27.45	27.30	27.042	27.307	27.403	27.00	27.30	27.30
Outlays	26.70	27.05	26.90	26.458	26.907	27.103	26.55	26.90	26.90
750 Administration of Justice:									
Budget authority	7.20	7.15	7.25	7.199	7.099	6.999	7.20	7.10	7.00
Outlays	7.15	7.25	7.35	7.167	7.099	7.099	7.15	7.10	7.10
800 General Government:									
Budget authority	5.75	6.15	6.15	5.469	5.937	6.071	5.50	6.00	6.10
Outlays	5.65	6.05	6.20	5.387	5.937	6.071	5.45	6.00	6.10
850 General Purpose Fiscal Assistance:									
Budget authority	1.85	1.90	2.00	2.000	2.000	2.100	1.95	1.95	2.05
Outlays	2.65	1.90	2.00	2.800	2.000	2.100	2.75	1.95	2.05
900 Net Interest:									
Budget authority	143.50	151.50	148.95	143.936	151.953	149.763	143.65	152.30	150.65
Outlays	143.50	151.50	148.95	143.936	151.953	149.763	143.65	152.30	150.65
920 Allowances:									
Budget authority	0.55	1.60	2.65	0.517	1.936	2.087	0.90	3.45	4.75
Outlays	0.60	1.70	2.85	0.525	2.011	2.234	−0.05	2.55	3.90
950 Undistributed Offsetting Receipts:									
Budget authority	−39.00	−37.10	−38.25	−42.095	−46.096	−45.810	−40.05	−45.35	−48.30
Outlays	−39.20	−37.10	−38.25	−42.095	−46.096	−45.810	−40.25	−45.35	−48.30

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CREDIT BUDGET—FUNCTIONAL ANALYSIS

[In billions of dollars]

	House passed			Senate passed			Conference agreement		
	1987	1988	1989	1987	1988	1989	1987	1988	1989
New direct loans	34.25	32.25	30.60	34.70	32.30	30.20	34.55	32.30	30.05
Primary loan guarantees	85.40	87.30	87.65	100.90	92.20	94.30	100.75	91.75	93.50
Function									
150 International Affairs:									
Direct loans	7.15	7.10	7.10	7.40	7.50	7.70	7.35	7.40	7.50
Loan guarantees	11.40	11.40	11.40	11.70	11.70	11.70	11.75	11.70	11.70
270 Energy:									
Direct loans	1.95	1.95	1.95	2.00	2.00	2.00	1.95	1.95	1.95
Loan guarantees									
300 Natural Resources and Environment:									
Direct loans	.10	.10	.05	.10	.10	.10	.05	.05	.05
Loan guarantees									
350 Agriculture:									
Direct loans	14.30	12.10	11.35	14.30	12.10	11.30	14.30	12.10	11.30
Loan guarantees	8.00	8.50	8.65	8.00	8.50	8.50	8.00	8.50	8.50
370 Commerce and Housing Credit:									
Direct loans	4.45	4.60	4.85	4.50	4.30	4.50	4.45	4.35	4.60
Loan guarantees	38.75	39.10	38.45	53.90	43.70	44.80	53.75	43.25	44.15
400 Transportation:									
Direct loans	.50	.40	.20	.50	.40	.20	.50	.40	.20
Loan guarantees	.05	.05	.05	.10	.10	.10	.05	.05	.05
450 Community and Regional Development:									
Direct loans	.95	1.20	1.05	1.10	1.30	1.10	1.05	1.30	1.10
Loan guarantees	.30	.30	.30	.30	.30	.30	.30	.30	.30
500 Education, Training, Employment and Social Services:									
Direct loans	1.50	1.40	1.25	1.50	1.40	1.30	1.50	1.40	1.30
Loan guarantees	10.30	10.70	10.95	10.30	10.70	11.00	10.30	10.70	10.95
550 Health:									
Direct loans			.05				.05	.05	.05
Loan guarantees	.30	.30	.30	.30	.30	.30	.30	.30	.30

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600	Income Security:								
	Direct loans	1.80	1.90	1.45	1.80	1.80	.70	1.80	1.80	.70
	Loan guarantees									
700	Veterans Benefits and Services:									
	Direct loans	1.55	1.50	1.30	1.50	1.40	1.30	1.55	1.50	1.30
	Loan guarantees	16.30	16.95	17.55	16.30	16.90	17.60	16.30	16.95	17.55

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ECONOMIC ASSUMPTIONS

The conferees accepted the economic assumptions shown in the table below as the basis for the revenue, spending, and credit estimates in the conference substitute. These economic assumptions were prepared by CBO for the February baseline budget projections. Both the House- and Senate-passed budget resolutions were based on these economic assumptions.

[Calendar years, billions of dollars]

	Actual 1985	Projected			
		1986	1987	1988	1989
Annual averages:					
Gross national product	$3,988	$4,269	$4,583	$4,930	$5,313
Percent change	5.7	7.0	7.3	7.6	7.8
Real GNP (1982 dollars)	$3,570	$3,689	$3,805	$3,931	$4,068
Percent change	2.2	3.3	3.1	3.3	3.5
GNP deflator (percent change)	3.3	3.6	4.1	4.1	4.1
CPI–W (percent change)	3.5	(1)	4.2	4.4	4.4
Civilian unemployment rate (percent)	7.2	6.7	6.7	6.5	6.3
3-month Treasury bill rate (percent)	7.5	6.8	6.7	6.4	6.1
Taxable incomes:					
Wages and salaries	$1,960	$2,094	$2,250	$2,414	$2,595
Corporate profits (economic)	$295	$344	$372	$403	$434
Memo: GNP, current dollars, fiscal year	$3,937	$4,192	$4,504	$4,838	$5,214

[1] The January 1987 cost-of-living adjustments for Social Security and other benefit programs will be based on the percent change in the CPI–W between the third calendar quarter of 1985 and the third calendar quarter of 1986. In the CBO baseline this was estimated to be 3.4 percent. The Senate and House resolutions and the conference substitue all assume, based on more recent data, that the rate of change will be 2.0 percent, that legislation will be enacted to repeal the 3-percent threshold for Social Security and some other COLA's, and that the full COLA at the actual inflation rate will be paid in all programs.

REVENUES

The House resolution recommended total revenues of $857.2 billion in fiscal year 1987, $951.2 billion in fiscal year 1988, and $1,011.9 billion in fiscal year 1989. It provided that revenues be increased by $10.7 billion in fiscal year 1987, $17.4 billion in fiscal year 1988, and $17.7 billion in fiscal year 1989. Of the amounts of additional revenues, Section 3 of the House Resolution specified that the following amounts should be used solely for the purposes of deficit reduction: $4.7 billion in fiscal year 1987, $11.2 billion in fiscal year 1988, and $10.5 billion in fiscal year 1989.

The Senate resolution recommended total revenues of $857.2 billion in fiscal year 1987, $941.2 billion in fiscal year 1988, and $1,011.9 billion in fiscal year 1989. It provided that revenues be increased, from a baseline excluding the revenue increases in the Consolidated Omnibus Reconciliation Act of 1985, by $13.2 billion in fiscal year 1987, $20.2 billion in 1988, and $20.6 billion in fiscal year 1989.

The conference agreement sets a revenue floor of $852.40 billion in fiscal year 1987, $929.75 billion in fiscal year 1988, and $1,001.10 billion in fiscal year 1989. It provides that revenues be increased by $5.95 billion in fiscal year 1987, $6.30 billion in fiscal year 1988, and $7.35 billion in fiscal year 1989.

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FUNCTION 270: ENERGY

The conferees assume the sale of the Naval Petroleum Reserves and that it will be completed by the close of fiscal year 1988. Although this budget resolution does not include the proposed sale in the reconciliation instructions, the conferees believe the relevant committees should study the means and the costs and benefits of achieving such a sale.

The House conferees believe that if the Naval Petroleum Reserves were to be sold, any such sale should provide that their reserve status—imposed by Presidential Proclamation and Chapter 641 of title 10, United States Code—should be terminated if still in effect, and that the preexisting school land entitlements of the States affected, which were suspended by such reserve status, should be recognized. The House conferees believe that if these lands are no longer reserved for a national purpose, their ownership must revert to the original titleholder as a matter of equity.

FUNCTION 300: NATURAL RESOURCES AND ENVIRONMENT

The House-passed budget resolution assumed a twenty percent reduction in the funding for the Bureau of Reclamation. The conference agreement assumes that 1987 funding for the Bureau will be at the 1986 level as assumed in the Senate-passed resolution.

The reduction assumed in the House resolution was prompted by the repeated failure of the Bureau to respond in a timely or effective manner to serious concerns of Members of the House, particularly those from various areas of California. The House conferees emphasize that the House will review Bureau funding in detail in the 1988 budget resolution and the House will recommend an equivalent reduction in that budget if the Bureau continues to be unresponsive to the Congress on serious issues including project development, toxic contamination, and full and effective enforcement of the reclamation laws.

FUNCTION 450: COMMUNITY AND REGIONAL DEVELOPMENT

The conferees take note of the fact that some employees hired by Government-owned corporations receive salaries far in excess of the maximum allowable annual rate of basic pay for Federal employees under the General Schedule. In light of this, the conferees urge the appropriate committees of the House and Senate to initiate a comprehensive review of pay practices in the case of individuals in similar positions and report legislation which would correct this inequity.

FUNCTION 570: MEDICARE

The House conferees encourage appropriate House committees of jurisdiction to examine the prospect of providing payments under Medicare for vision care services performed by optometrists. Such services would include only those that optometrists already are licensed by their respective States to provide and that are already covered by Medicare when provided by physicians.

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FUNCTION 600: INCOME SECURITY

Child Nutrition and WIC

The conference substitute assumes enactment of the conference report on H.R. 7, the School Lunch and Child Nutrition Amendments of 1986, which adds $0.05 billion in budget authority and outlays to the current policy baseline funding $4.2 billion for child nutrition programs in 1987. In addition, the conference substitute assumes an addition of $75 million in budget authority and $68 million in outlays above inflation in 1987 for the Special Supplemental Food Program for Women Infants, and Children (WIC).

FUNCTION 650: SOCIAL SECURITY

The conference substitute assumes that the fiscal years 1987 to 1989 program level for the limitation on administrative expenses account is set at the fiscal year 1986 level. It further assumes that any savings in administrative expenses for the Social Security Administration will not involve any reductions in staffing or office closings. It is the conferees' position that drastic staff reductions or office closings should not go forward without consultation with Congress.

FUNCTION 800: GENERAL GOVERNMENT

It is expected that there will be sufficient funds to pay for current level expenditures for furniture items produced by sheltered workshops for the blind and other severely handicapped under the auspices of the Javits-Wagner-O'Day Act, P.L. 92-28.

FUNCTION 950: UNDISTRIBUTED OFFSETTING RECEIPTS

Oil Overcharge Funds

The conferees assume that the Congress will enact legislation to recover $2.45 billion in additional oil overcharge funds over the next three years, of which $1.25 billion will be recovered in fiscal year 1987. The conferees also assume full funding for the LIHEAP and DOE weatherization programs over the next three years. The House conferees will further elaborate on their assumptions below.

The House conferees assume that legislation will be enacted providing for the United States to receive, beginning on October 1, 1986, all amounts recovered and to be recovered from oil overcharge cases (which amounts have been determined not to be Federal funds), less the amounts required, as provided in such legislation, to provide overcharged persons with compensation as direct restitution in appropriate administrative and judicial proceedings.

The House conferees assume that oil overcharge funds presently collected and held in escrow, or otherwise, and undistributed pursuant to any administrative and judicial action, as well as future funds, will be available for distribution pursuant to such legislation. The House conferees assume that enactment of this policy will recover $1.25 billion in additional oil overcharge funds in fiscal year 1987, and $2.45 billion over the three-year period. If, however, actions beyond the control of the Congress or the administration

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should make part of these savings unachievable, the committees of jurisdiction would be held harmless for the savings that could not be achieved, if any.

The House conferees also assume that the legislation will provide that part of the oil overcharge funds recovered ($0.25 billion a year for three years) will be used annually, in addition to the funding assumed below, to make indirect restitution to consumers through the four DOE State Energy Conservation Grant programs referred to in the Warner amendment of 1982.

To ensure that such indirect restitution supplements and does not replace existing funding, and that low-income citizens continue to receive this assistance even though the States will not directly receive further oil and overcharge funds, the House conferees also assume, in Functions 270 and 600, the enactment of a three-year advance appropriation for the DOE low-income weatherization program and the HHS low-income home energy assistance program at the full funding levels assumed in those functions.

The Senate conferees do not accept the House assumptions for this function.

The Senate conferees assume that the Congress will enact legislation to recover $2.45 billion in additional oil overcharge funds over the next three years, of which $1.25 billion will be recovered in fiscal year 1987. It is the intent of the Senate that the low income weatherization, Energy Extension Service, Energy Policy Conservation Act grants, and Schools and Hospitals grant programs are funded at their current rate of $250 million for fiscal years 1987, 1988, and 1989, regardless of the disposition of lawsuits or reconciliation legislation regarding the recoupment of oil overcharge funds. If the courts approve the Department of Energy Stripper Well Exemption Litigation (M.D.L. No. 378), the Senate conferees believe Congress can recover additional funds from future overcharge cases.

Loan Asset Sales

The conference agreement on the budget assumes proposals to sell loan assets from a number of programs. If enacted, the loan sales assumed in the resolution would reduce fiscal year 1987 outlays by $3.1 billion.

Having assumed these sales, the conferees believe that it is essential to make sure that they can actually occur. The conferees hope that the appropriate committees of the Congress will consider legislation that establishes specific guidelines for the sale of these assets. Such legislation should address the process and terms of asset sales, including whether there should be any form of Federal guarantee and what kind of protections should be provided to borrowers.

The conferees believe that specific legislative guidelines for loan asset sales should be established to insure that the sales occur successfully and expeditiously without adverse consequences.

Reconciliation Instructions

The Senate resolution contained instructions to 11 Senate committees and 12 House committees to recommend changes in laws

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within their jurisdiction sufficient to achieve deficit reduction in fiscal years 1987, 1988, and 1989, necessary to effectuate the provisions and requirements of the resolution. The House amendment contained instructions of this nature directed to 11 House committees and 9 Senate committees. The conference substitute includes reconciliation instructions directed to 9 Senate committees and 10 House committees.

The Senate resolution required that instructed committees respond by May 30, 1986. The House amendment required instructed committees to report by June 5, 1986. The conference substitute provides that committees must respond by July 25, 1986.

The Senate resolution contained language expressing the sense of the Senate that all reconciled House and Senate committees should include estimates in their reconciliation responses, based on both the budget resolution and current law baselines, of the level of budget authority and outlays available for each program affected by that response after the recommended changes are made. The language also expressed the sense of the Senate that reports of the House and Senate Budget Committees accompanying a reconciliation bill or resolution also include similar estimates. The language defined the current law baseline as the level of budget authority and outlays provided for a program for a fiscal year under the laws in effect on the date of adoption of the concurrent resolution.

The House amendment contained no such provision.

The Senate conferees receded to the House.

RECONCILIATION BY HOUSE COMMITTEE

[In millions of dollars]

House committees	Fiscal year—						3-year	
	1987		1988		1989		BA	O
	BA	O	BA	O	BA	O		
Agriculture Committee:								
Rural development insurance fund								
Loan asset sales	−55	−55	−49	−49	−43	−43	−147	−147
Loan asset sales	0	−500	0	−500	0	−500	0	−1,500
Total Agriculture	−55	−555	−49	−549	−43	−543	−147	−1,647
Banking, Finance and Urban Affairs Committee:*								
Rural housing loans	642	−1,158	0	−23	164	−46	806	−1,227
Loan asset sales	0	−500	0	−500	0	−500	0	−1,500
Total Banking	642	−1,658	0	−523	164	−546	806	−2,727
Education and Labor Committee:								
Guaranteed student loans	−25	−25	−150	−135	−250	−235	−425	−395
Education loan asset sales	0	−579	0	−314	0	94	0	−799
Total Education and Labor	−25	−604	−150	−449	−250	−141	−425	−1,194
Energy and Commerce Committee:								

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RECONCILIATION BY HOUSE COMMITTEE—Continued

[In millions of dollars]

House committees	Fiscal year—						3-year	
	1987		1988		1989			
	BA	O	BA	O	BA	O	BA	O
User fees	−100	−100	−100	−100	−100	−100	−300	−300
FERC user fees	−31	−31	−56	−56	−56	−56	−143	−143
Medicare provider payment reforms	0	−550	0	−1,200	0	−1,500	0	−3,250
Oil overcharge funds	−994	−1,186	−344	−365	−344	−356	−1,682	−1,907
Total Energy and Commerce	−1,125	−1,867	−500	−1,721	−500	−2,012	−2,125	−5,600
Interior and Insular Affairs Committee: User fees	−100	−100	−100	−100	−100	−100	−300	−300
Total Interior	−100	−100	−100	−100	−100	−100	−300	−300
Merchant Marine and Fisheries Committee: Coast Guard user fees	−50	−50	−50	−50	−50	−50	−150	−150
Total Merchant Marines	−50	−50	−50	−50	−50	−50	−150	−150
Post Office and Civil Service Committee: Unspecified	−100	−100	−100	−100	−100	−100	−300	−300
Total Post Office	−100	−100	−100	−100	−100	−100	−300	−300
Public Works and Transportation Committee: Highways	−1,783	−191	−2,243	−1,023	−2,723	−1,574	−6,749	−2,788
Total Public Works	−1,783	−191	−2,243	−1,023	−2,723	−1,574	−6,749	−2,788
Small Business Committee: SBA disaster loan asset sales	−438	−343	−399	−55	−223	−14	−1,060	−412
Total Small Business	−438	−343	−399	−55	−223	−14	−1,060	−412
Ways and Means Committee total Ways and Means deficit reduction		−4,350		−4,095		−4,190		−12,635
Total, deficit reduction	−2,934	−9,168	−3,491	−7,365	−3,725	−7,670	−10,150	−24,203

RECONCILIATION BY SENATE COMMITTEE

[In millions of dollars]

Senate committee	Fiscal year—						3-year	
	1987		1988		1989			
	BA	O	BA	O	BA	O	BA	O
Agriculture, Nutrition and Forestry Committee: Rural development insurance fund loan asset sales	−55	−55	−49	−49	−43	−43	−147	−147
Loan asset sales	0	−500	0	−500	0	−500	0	−1,500

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RECONCILIATION BY SENATE COMMITTEE—Continued

[In millions of dollars]

Senate committee	Fiscal year— 1987 BA	1987 O	1988 BA	1988 O	1989 BA	1989 O	3-year BA	3-year O
Total Agriculture	−55	−555	−49	−549	−43	−543	−147	−1,647
Banking, Housing and Urban Affairs Committee:								
Rural housing loans	642	−1,158	0	−23	164	−46	806	−1,227
Loan asset sales	0	−500	0	−500	0	−500	0	−1,500
Total Banking	642	−1,658	0	−523	164	−546	806	−2,727
Commerce, Science and Transportation Committee:								
Coast Guard user fees	−50	−50	−50	−50	−50	−50	−150	−150
Total Commerce	−50	−50	−50	−50	−50	−50	−150	−150
Energy and Natural Resources:								
FERC user fees	−31	−31	−56	−56	−56	−56	−143	−143
Oil overcharge funds	−994	−1,186	−344	−365	−344	−356	−1,682	−1,907
Total Energy	−1,025	−1,217	−400	−421	−400	−412	−1,825	−2,050
Environment and Public Works Committee:								
User fees	−100	−100	−100	−100	−100	−100	−300	−300
Highways	−1,783	−191	−2,243	−1,023	−2,723	−1,574	−6,749	−2,788
Total Environment	−1,883	−291	−2,343	−1,123	−2,823	−1,674	−7,049	−3,088
Finance Committee:								
Medicare provider payment reforms		−550		−1,200		−1,500		−3,250
Customs user fees		−300		−295		−290		−885
Total Finance (spending)		−850		−1,495		−1,790		−4,135
Revenues		3,500		−2,600		−2,400		8,500
Governmental Affairs Committee: Unspecified	−100	−100	−100	−100	−100	−100	−300	−300
Total Governmental	−100	−100	−100	−100	−100	−100	−300	−300
Labor and Human Resources Committee:								
Guaranteed student loans	−25	−25	−150	−135	−250	−235	−425	−395
Education loan asset sales	0	−579	0	−314	0	94	0	−799
Total Labor and Human Resources	−25	−604	−150	−449	−250	−141	−425	−1,194
Small Business Committee: SBA disaster loan asset sales	−438	−343	−399	−55	−223	−14	−1,060	−412
Total Small Business	−438	−343	−399	−55	−223	−14	−1,060	−412
Total, spending	−2,934	−5,668	−3,491	−4,765	−3,725	−5,270	−10,150	−15,703
Total, revenues		3,500		2,600		2,400		8,500

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RECONCILIATION BY SENATE COMMITTEE—Continued

[In millions of dollars]

Senate committee	Fiscal year—						3-year	
	1987		1988		1989			
	BA	O	BA	O	BA	O	BA	O
Total, deficit reduction		−9,168		−7,365		−7,670		−24,203

Miscellaneous Provisions

Contingency Fund for Deficit Reduction and Unmet Critical Needs

The conferees recognize that the fiscal year 1987 maximum deficit target of $144 billion established by the Balanced Budget and Emergency Deficit Control Act of 1985 requires that Congress, in its budget resolution, must prioritize the Nation's needs within the context of that mandate. However, there are certain needs of the country which cannot be accommodated within this conference substitute without the enactment of additional deficit reduction measures. These unmet critical needs may require an additional funding commitment for defense and nondefense programs. The conferees also recognize the potential need for reducing the deficit below the levels set forth in the resolution, or enacting additional measures to ensure that such levels are not exceeded by reason of changing economic conditions or estimates.

Therefore, to address these concerns, the conference substitute includes a contingency fund for deficit reduction and unmet critical needs. The provision:

Reserves from allocation budget authority and outlays for "unmet critical needs" in defense and nondefense areas in the following amounts:

Fiscal Year 1987:
Budget Authority, $9,950,000,000.
Outlays, $4,800,000,000.
Fiscal Year 1988:
Budget Authority, $15,450,000,000.
Outlays, $11,450,000,000.
Fiscal Year 1989:
Budget Authority, $12,850,000,000.
Outlays, $10,800,000,000.

Provides that, of the amounts reserved, not to exceed the following amounts, shall be available for additional defense spending:

Fiscal Year 1987:
Budget Authority, $6,850,000,000.
Outlays, $3,000,000,000.
Fiscal Year 1988:
Budget Authority, $8,100,000,000.
Outlays, $6,400,000,000.
Fiscal Year 1989:
Budget Authority, $10,500,000,000.

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Outlays, $7,250,000,000.

Allows such allocation to be made to the appropriate committees if:

(1) legislation is enacted which would ensure that such additional funding would not increase the deficits set forth in the budget resolution;

(2) the President requests and identifies funding for unmet critical needs coupled with recommendations for legislation ensuring deficit neutrality, or cites previously-enacted legislation which would ensure such deficit neutrality; and

(3) the appropriate committees have reported legislation as requested by the President that will make funds available for such unmet critical needs.

Allows the President to request and Congress to initiate legislation to reduce deficits below the levels set forth in the budget resolution. If such legislation is enacted, aggregates are adjusted accordingly.

General Revenue Sharing

The Senate resolution contained a provision which would allow up to $1.8 billion in budget authority and outlays to fund an extension of general revenue sharing in fiscal year 1987, if such funding is previously authorized and costs are covered by revenues in excess of those reconciled.

The House amendment contained language providing that the spending levels in the resolution would not preclude funding for an extension of general revenue sharing through fiscal year 1989, if an authorization for the funding is enacted.

The conference substitute includes a procedure which would allow for additional funding, beyond the levels set forth in section 1 of the resolution, for general revenue sharing, if such funding would not increase the deficits set forth in the conference substitute. The conferees intend that the offset for general revenue sharing be separate and apart from the offset described in the provision for the contingency fund for deficit reduction and unmet critical needs in section 3 of this resolution.

Report on DOD Inflation Funding

The House amendment included a provision which reserved from allocation $3 billion in fiscal year 1987 budget authority for Function 050 (National Defense).

The language provided that allocation of such budget authority by the Committees on the Budget to the Committees on Appropriations of each House be predicated upon receipt of a report to both Houses by the Secretary of Defense and the General Accounting Office accounting for all monies appropriated to the Department of Defense in fiscal year 1986 in excess of the amount needed to cover inflation. The language also called for similar reports in fiscal years 1988 and 1989.

The Senate resolution contained no similar provision.

The Senate conferees receded to the House with an amendment deleting the reservation of budget authority and expressing the

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sense of the Congress that the Secretary of Defense and the General Accounting Office should transmit a report accounting for monies appropriated in excess of sums needed to cover inflation.

The Committees on Armed Services of the House of Representatives and the Senate are directed to take appropriate action to insure that only the appropriate levels of funding for inflation are provided.

GNP Deflator

The House amendment contained instructions to the House and Senate Armed Services Committees to report legislation prohibiting the Department of Defense from using an arbitrary deflator (one not based on historical or factual data) for major weapons systems which would provide funding for major weapons systems inflation in excess of the GNP deflator.

The Senate resolution contained no similar provision.

The Senate conferees receded to the House, with an amendment expressing the sense of the Congress that the appropriate committees should consider legislation which would prohibit use of such an arbitrary deflator for major weapons systems.

Federal Credit Program Reform

The Senate resolution contained a provision describing certain findings regarding the operation of Federal credit programs and the allocation and management of credit programs. The Senate resolution further included language expressing the sense of the Congress that the appropriate congressional committees should initiate credit reform legislation.

The House amendment contained no similar provision.

The House conferees receded to the Senate with an amendment calling upon committees to review proposals to change the Federal credit budget, including use of mechanisms which would provide uniform budget treatment of credit programs based on their subsidy cost.

Oil and Gas Industry Employees

The Senate resolution contained language regarding the adverse impact on oil industry workers of increased oil imports and decreased domestic oil exploration activity, and expressing the sense of the Senate that the administration should broaden its interpretation of the Trade Adjustment Assistance Act so as to alleviate this adverse impact.

The House amendment contained no similar provision.

The House conferees receded to the Senate with an amendment making the language an expression of the sense of the Congress.

Strategic Petroleum Reserve Purchases

The House amendment contained language expressing the sense of the Congress reaffirming the policy to fill the Strategic Petroleum Reserve to 750 million barrels. The language also recommended that oil should be purchased for the Reserve in a way designed to

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help domestic stripper oil well producers minimize the shutting in of stripper production.

The Senate resolution contained no similar provision.

The Senate conferees receded to the House.

Cooperative Extension Service

The House amendment contained language expressing the sense of the Congress that funding for the Department of Agriculture's Cooperative Extension Service should be maintained at a level sufficient to fully provide vital services to rural America during a time of extreme stress. The language further stated the assumption that funding will be used to support programs such as 4-H Youth Development, Home Economics and Family Living, Natural Resources and Community Development, and services providing agricultural financial analysis and management instruction.

The Senate resolution contained no similar provision.

The Senate conferees receded to the House.

Foreign Agricultural Investment Reform

The House amendment contained language expressing the sense of the Congress that United States financing for foreign production of agricultural commodities for export use is a counterproductive use of tax dollars and devastating to the American farmer who loses export markets from the unfairly subsidized competition.

The Senate resolution contained no similar provision.

The Senate conferees receded to the House.

Social Security Cost-of-Living Adjustments

The conference substitute contains language expressing the sense of the Congress that legislation should be enacted to provide that Social Security cost-of-living adjustments and COLA's in other programs linked to those adjustments will be paid at the actual rate of inflation, whether it is above or below three percent.

Section 302(a) Allocations

The conference substitute includes a provision which would allow the Chairman of the Committee on the Budget of the House to file with the House, not later than July 9, 1986, allocations required to be made pursuant to section 302(a) of the Congressional Budget Act of 1974. The allocations in that report will be considered the allocations required to be in the joint statement accompanying the resolution.

Deficit Reduction Account

The House amendment included a provision requiring that increases in revenue through legislation greater than certain amounts be deposited in a new separate account which the President is required to establish in the Treasury, to be used solely for the purpose of reducing the Federal deficit, and further requiring that these additional revenues be set forth separately in the budget resolution with the stipulation that they are solely for the purpose of deficit reduction.

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The Senate resolution contained no similar provision.

The conference substitute includes a procedure which provides that legislation may be enacted to reduce the deficits for fiscal years 1987, 1988, and 1989 below those set forth in the resolution.

NASA Space Shuttle Program

The Senate resolution contained a provision which would allow funding for the NASA space shuttle program of $976 million in fiscal year 1987, $915 million in fiscal year 1988, and $752 million in fiscal year 1989, if such funding is previously authorized and revenues sufficient to cover costs are enacted into law in excess of those reconciled.

The House amendment contained a provision allowing that, notwithstanding the spending levels in the resolution, funding for a shuttle orbiter to replace NASA's *Challenger* would be appropriate if an authorization for such funding is enacted into law.

The conference substitute includes a procedure which would allow for additional funding, beyond the levels set forth in section 1 of the resolution, for unmet critical needs in defense and nondefense areas if such funding would not increase the deficits set forth in the conference substitute.

Strategic Petroleum Reserve Deferrals

The Senate resolution contained language expressing the sense of the Congress that Congress intends to disapprove two deferrals proposed by the President relating to the Strategic Petroleum Reserve.

The House amendment contained no similar provision.

The Senate conferees receded to the House.

Highway Account

The Senate resolution included language expressing the sense of the Senate that, over the next three fiscal years, the cash balance in the Highway Account of the Highway Trust Fund should be reduced toward a minimum level of reserves, in a manner consistent with sound financial practices.

The House amendment contained no similar provision.

The Senate conferees receded to the House.

WILLIAM H. GRAY III,
JIM WRIGHT,
BUTLER DERRICK,
PAT WILLIAMS,
HOWARD WOLPE,
MARTY RUSSO,
ED JENKINS,
MARVIN LEATH,
CHARLES SCHUMER,
BARBARA BOXER,
BUDDY MACKAY,
JIM SLATTERY,
DELBERT LATTA,
LYNN MARTIN,
BOBBI FIEDLER,

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BILL GRADISON,
CONNIE MACK,
BILL GOODLING,
Managers on the Part of the House.

PETE DOMENICI,
NANCY KASSEBAUM,
RUDY BOSCHWITZ,
DAN QUAYLE,
SLADE GORTON,
LAWTON CHILES,
J. BENNETT JOHNSTON,
JIM SASSER,
Managers on the Part of the Senate.

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